



Hoover, FDR, and the New Deal

There were more similarities between the two than we've been led to think

Facts and Statistics of the Great Depression

Comparison of Great Depression (1930-40) with the Great Recession (2009-13)

Hoover's misunderstood response

Got business leaders to maintain high wages; strengthened unions

Blamed speculation, over production of commodities, and lack of exports

Grain Stabilization Corporation purchased wheat and cotton to keep price high

Reconstruction Finance Corporation lent money to banks and railroads

Increased taxes and spending (federal budget increased by 50% in his term)

As federal intervention deepened, economy got worse

New Deal Programs

FDR's New Deal was Hoover²

Agricultural Adjustment Act, Banking reform

Federal Housing Act (FHA)

National Industrial Relations Act, National Labor Relations Act

Increased the income tax (top rate by 1936 was 79%)

Social Security

Problems with the New Deal

1. Unemployment never fell below 14%
2. NIRA allowed formation of corporate cartels, and suspended antitrust laws
3. New Deal programs such as Social Security, federal housing subsidies, airline cartels have run into major economic problems along the way